

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Case No. 20-30968
Watson Valve Services, Inc.	§	
	§	Chapter 11
Debtor.	§	

**RESPONSE TO JANUARY 24 CLAIMANTS COMMITTEE’S
EMERGENCY MOTION FOR APPOINTMENT
OF CHAPTER 11 TRUSTEES
(Relates To Docket No. 196)**

**TO THE HONORABLE MARVIN ISGUR, UNITED STATES BANKRUPTCY
JUDGE:**

Watson Valve Services, Inc. (“**Debtor**”), debtor-in-possession in this chapter 11 case, hereby files this Response to January 24 Claimants Committee’s Emergency Motion for Appointment of Chapter 11 Trustees (“**Response**”).

Response

1. On February 6, 2020 (“**Petition Date**”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code (“**Chapter 11 Case**”).¹

2. The Debtor has not been operating in the ordinary course of business during the Chapter 11 Case. Rather, in an effort to maximize value for an eventual liquidation of its assets through a plan, the Debtor was engaged in limited operations to finalize certain customer orders and to assist and respond to on-going investigations by various

¹ Also on February 6, 2020, Watson Valve Services, Inc. (“**Watson Valve**”)(a company affiliated with the Debtor) filed its own chapter 11 case in this Court under Case No. 20-30968.

government agencies as well as insurance companies in relation to the explosion that occurred on January 24, 2020. This Chapter 11 Case was filed in an effort to ensure that the Debtor's assets would be administered in a fair, organized, and transparent process for the benefit of all creditor constituencies.²

3. Since the Petition Date, the Debtor has been operating as a debtor-in-possession. The investigations at the Watson Grinding's site have either concluded or are nearly concluded. Within the past week, the focus of this Chapter 11 Case was shifting from asset preservation to formulating a plan to sell the Debtor's tangible assets and to implement appropriate mechanism(s) for the prosecution of the Debtor's claims against third parties and to resolve the claims of creditors against the Debtor. The Debtor has been authorized to file a "clean" auction motion after filing this pleading.

4. On May 29, 2020, the January 24 Claimants Committee ("**Committee**") filed its Emergency Motion for Appointment of Chapter 11 Trustees ("**Trustee Motion**") [Docket No. 196]. In its Trustee Motion, the Committee seeks the appointment of a chapter 11 trustee in the Debtor's Chapter 11 Case as well as Watson Grinding's chapter 11 case.

5. A meeting of the Debtor's board of directors ("**Board**") was convened on May 29, 2020 and at that meeting the Board resolved by a unanimous vote that it would be in the best interests of the Debtor's bankruptcy estate to continue management under the direction of a chapter 11 trustee. To the extent that the Court believes that a chief restructuring officer with expanded powers is an appropriate alternative to the appointment

² Additional information about the Debtor and its business can be found in the Declaration of Robert L. White filed at Dkt. No. 14 in this case.

of a chapter 11 trustee, each of the board members, upon the appointment of a chief restructuring officer, has resolved to resign from the Board and waive any right to exercise management authority over the Debtor and/or to exercise their rights as shareholders to elect new directors. A true and correct copy of the resolution signed by each board member adopting this resolution is attached hereto as **Exhibit A** and incorporated herein for all purposes.

Dated: May 31, 2020

Respectfully submitted,

MCDOWELL HETHERINGTON LLP

By: /s/ Jarrod B. Martin

Jarrod B. Martin

Texas Bar No. 24070221

Kate H. Easterling

Texas Bar No. 24053257

Avi Moshenberg

Texas Bar No. 24083532

1001 Fannin Street

Suite 2700

Houston, TX 77002

P: 713-337-5580

F: 713-337-8850

E: Jarrod.Martin@mhllp.com

E: Kate.Easterling@mhllp.com

E: Avi.Moshenberg@mhllp.com

***COUNSEL FOR WATSON VALVE
SERVICES, INC.***

CERTIFICATE OF SERVICE

Undersigned counsel hereby certifies that a copy of the foregoing was served on May 31, 2020 via ECF/PACER to all those registered to receive such service, including counsel for the Committee and counsel for the United States Trustee.

/s/ Jarrod B. Martin